MORGAN STANLEY DEAN WITTER
CREDIT CORPORATION

October 23, 2000

Secretary, Federal Trade Commission
Room H-159
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Re: **G-L-B Act Privacy**
Safeguards Rule Comment

Morgan Stanley Dean Witter Credit Corporation ("MSDWCC") is pleased to have this opportunity to respond to the Federal Trade Commission's (the "Commission") request for comments on its approach to developing a Safeguards Rule as required by the Gramm-Leach-Bliley Act (the "G-L-B").

MSDWCC is a national consumer real estate secured lender. It does not market its mortgage products to the general public. Rather, as a subsidiary of Morgan Stanley Dean Witter & Co., it solicits business from its affiliates, predominantly Discover Bank, the issuer of Discover® Card and Dean Witter Reynolds Inc. Because it derives most of its business from these affiliate relationships, it has a long-standing tradition of protecting the privacy of its shared customers. It appreciates this opportunity to offer comments to the Commission.

The following are MSDWCC's responses to some of the specific questions asked by the Commission:

1. Range of Information Subject to the Safeguards Rule.

It is respectfully suggested that any proposed Safeguards Rule be limited to customers, as defined in G-L-B. Institutions covered by the Safeguards Rule have a means of including customer information in their operating business data. Requiring institutions subject to the Safeguards Rule to provide protections to consumer information would cause unnecessary economic hardship, because predictably these institutions would have many more consumer contacts than customers with no business relationship that would offset the financial burden of providing safeguards over these non-active relationships. It is suggested that institutions subject to state and federal record retention periods for credit application information be subject to a rule that would require no more than to exercise reasonable care to safeguard that information during the record retention period, and then dispose of it with reasonable care to prevent third party interception.

2. Range of Financial Institutions Subject to the Safeguards Rule.

The Safeguards Rule should not require the originating financial institution that discloses customer records and information to another financial institution to obtain an agreement of the receiving entity to comply with the Safeguards Rule. It would be impractical to require the disclosing institution to meet such a requirement, because the disclosing party may not have the bargaining power to demand such a contractual provision. It is also unnecessary, since Section 502(c) of the G-L-B prohibits a non-affiliated third party from disclosing such information to any other person.

3. Specificity of the Safeguards Rule.

Many banks responding to the federal banking regulators' recent request for comments on their interagency Guidelines for Safeguarding Customer Information, have asked the federal regulators to take into consideration existing law and rules, such as those in place relating to internal controls, information systems and internal audit, encouraging the regulators not to add a regulatory burden where existing rules may already be accomplishing the intended result. Financial institutions subject to Commission regulation most likely operate quite differently from one another, with operating practices reflective of differing state regulations. The imposition of specific or standardized rules would be extremely burdensome to many of the financial institutions the Commission regulates, because of different operational structures, business procedures and system sophistication. The Commission should adopt general rules that leave the specifics of compliance to the financial institution, yet offer standardized rules for compliance governance. For example, the Commission could require large institutions that have an internal audit department to require that department to take on oversight responsibility for annual compliance reviews. But, smaller institutions should have discretion in selecting a person or department to take on this responsibility. MSDWCC believes the best approach would be a Safeguards Rule that sets forth general categories or areas of administrative, technical and physical safeguards that focus on training, compliance oversight, information storage, information transmission and records disposal, leaving implementation of safeguard procedures up to the regulated institution.

4. Statutory Objectives.

A. Anticipation of Threats or Hazards to Security or Integrity.

Because of the diversity of the institutions under the Commission's jurisdiction, it is recommended that the Commission's rules identify risk categories only, and that its regulated institutions be responsible for developing reasonable safeguards for these categories, if applicable to a given institution. In this context, "reasonable safeguards" should take into consideration the size of the institution and the complexity of its business. Requiring institutions to perform an annual risk assessment of their safeguard procedures is a reasonable requirement. It is recommended that the Commission periodically publish information about instances where security protections were breached so that its regulated

institutions may learn from such instances, as part of a continuing education process.

B. Preventing Unwarranted Access and Use.

The Commission, in its question "...what procedures are most appropriate for the diverse range of financial institutions subject to the commission's jurisdiction," recognizes that this institutional diversity makes it difficult to develop specific safeguard procedures that would be appropriate for the different kinds of institutions that it regulates. It is recommended that rather than develop rules that establish minimum safeguard standards or procedures, the Commission require that an institution designate either a person or a department to have responsibility for consumer information security, and that these departments or employees develop reasonable internal safeguard rules that are reflective of their institution's operations.

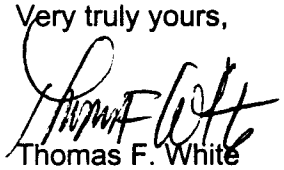
5. Consideration of Other Agencies' Safeguards Standards.

It would be shortsighted to say that both the Commission and its regulated institutions could not learn from other federal governmental financial institution regulatory agencies. However, because of the diversity of the institutions under the Commission's jurisdiction, it may be inappropriate to borrow rules or guidelines from other federal financial institution regulators. Rather, the agencies should combine resources in publishing instances where safeguards have been breached and where new threats to safeguarding consumer information have been identified. Continuing information and education in this area would be valuable - more valuable than attempting regulatory uniformity over a diverse group of institutions.

Finally, it is recommended that the Commission's rulemaking allow financial institutions under its jurisdiction to voluntarily adopt the G-L-B information safeguards rule or regulations of another federal financial institution regulatory agency as an acceptable alternative to adhering to the Commission's rules. Taking such a step would allow a company with affiliates subject to different federal agency regulations to adopt a single set of internal controls across its businesses; saving money and resources.

Thank you for your consideration of these comments.

Very truly yours,



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